



Defense Institute of Security Assistance Management

Discrepancy Reports



Causes of Discrepancies

- **Mistakes**
- **Mishandling**
- **Misinterpretation**
 - **Partial shipments**
 - **Missing documentation**
 - **Delivery listing does not match actual deliveries**



Categories of Discrepancy Reports

- **Product quality deficiencies**
- **Financial discrepancies**
- **Transportation discrepancies**
- **Supply discrepancies**



Product Quality Deficiency Reports (PQDR)

- Customer reports deficient new or reworked materiel for the purpose of obtaining corrective action from Item Manager.
- Customer submits report on SF 368 to Item Manager
- No money credited to FMS case
- Customer must also submit SF 364, Supply Discrepancy Report for refund.



Financial Discrepancies

**Incorrect charges/surcharges
reflected on the LOA:**

- **Transportation costs of stock funded items to the freight forwarder**
- **Incorrect administrative percentage**
- **Nonrecurring costs waived, yet collected**
- **DTS rates charged on LOA, but transportation arranged by customer**
- **Customer submits letter/message to DFAS for correction**



Transportation Discrepancies

- **Shipper:** Item is damaged before title transfers.
- **Carrier:** Item is lost/damaged after title transfers, between point of origin and point of delivery (DTC on LOA).
- **US Representative in country reports losses in DTS on SF 361, Transportation Discrepancy Report.** No reimbursement to customer.
- **Customer reports loss/damage on SF 364, Supply Discrepancy Report,** for possible reimbursement.





Supply Discrepancies

- **Packaging discrepancies:**
 - Overages
 - Shortages
 - Damage
- **Insufficient remaining shelf life**
- **Incorrect items**
- **Incorrect billing: Material is received but is omitted from, or duplicated, or incorrectly reflected in:**
 - FMS Delivery Listing
 - FMS Reply Listing to customer requests for adjustments
 - Quarterly Requisition Report
- **Missing shipments**
 - Entire lots or partial shipments



Supply Discrepancies

Packaging:

- **Improper packaging**
 - **container overloaded**
 - **improper distribution of contents**
- **Improper preservation**
 - **material is corroded**
- **Improper marking**
 - **identification markings omitted**
- **Improper unitization**
 - **skids or pallets omitted**
- **lack of dunnage or packing materials**



FedEx
Federal Express

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TARE WT
313-LBS
143-KGS

INSTRUCTIONS FOR AIRPORT USE AND AIRPORT SECURITY
DO NOT REMOVE THIS PLATE OR DAMAGE IT.
DO NOT USE IN FLIGHT. AIRPORT SECURITY
DO NOT REMOVE THIS PLATE OR DAMAGE IT.
DO NOT USE IN FLIGHT. AIRPORT SECURITY
DO NOT REMOVE THIS PLATE OR DAMAGE IT.
DO NOT USE IN FLIGHT. AIRPORT SECURITY

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AUSTRALIAN POST OFFICE PTY LTD
DEPARTMENT OF TRADE & INDUSTRY

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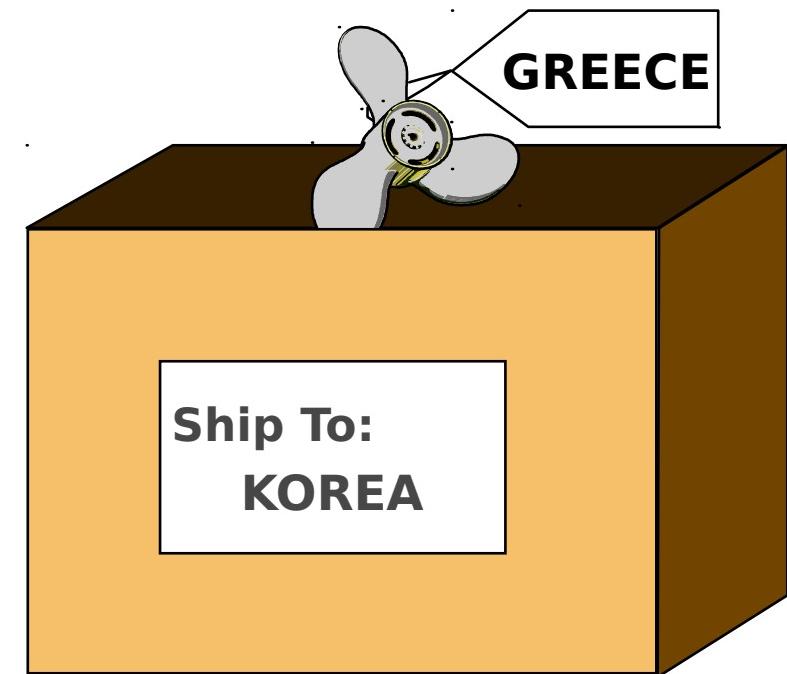
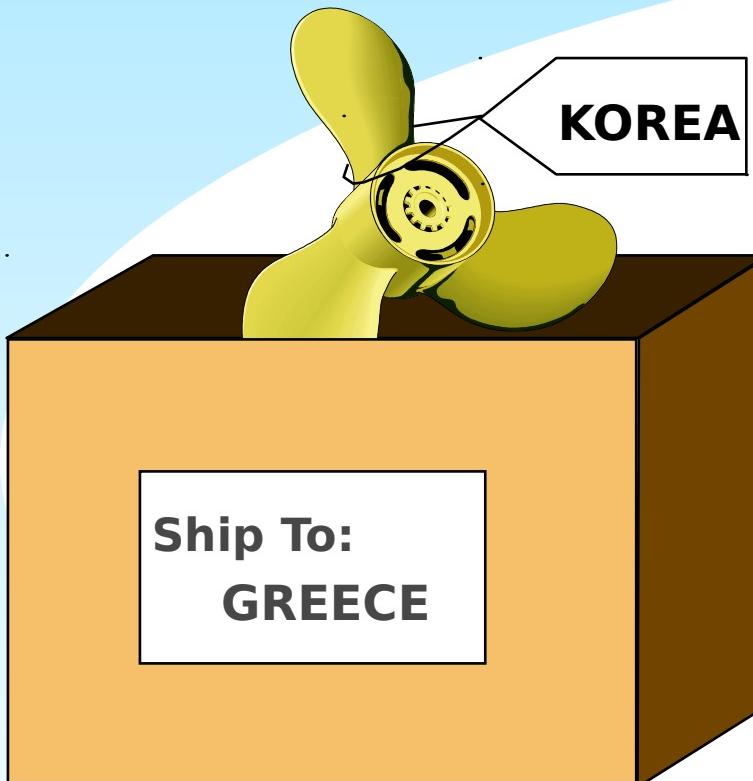


DoD Shelf-Life Policy

- **LIFO versus FIFO for international customers**
- **Type I not extendable**
- **Type II extendable with proper inspection and marking**
- **Product must have 12 months shelf-life remaining for international customers**
- **Use advice code 2G.**
- **Reference is DoD 4140.27-M, paragraph 4-10B**



Incorrect Items





MI\$TAKES

GY

TRANSPORTATION CONTROL NUMBER PGYA44 0259 0001	RDD	PROJECT	TRANS PRIORITY 1
FROM:			PIECE NUMBER
TO: (POE when applicable) HELLENIC LINE PIER FOOT 57TH STREET BROOKLYN NY 10230			TOTAL PIECES
POD (When applicable)			WEIGHT THIS PIECE
ULTIMATE CONSIGNEE OR MARK FOR GREEK: AIR FORCE			CUBE THIS PIECE

GR



Mislabeling FMS Material

Label on Shipping carton...

TRANSPORTATION CONTROL NUMBER PITC4413553583XXX	RDD	PROJECT	TRANS PRIORITY 1
FROM:			
TO: (POE when applicable)			
SAIMA AMERICA INC. 300 MIDDLESEX AVENUE CAETERET, NJ 07008-000			
POD (When applicable)			
ULTIMATE CONSIGNEE OR MARK FOR			
ITALIAN NAVY			
PIECE NUMBER			
TOTAL PIECES			
WEIGHT THIS PIECE			
CUBE THIS PIECE			

Material & Documents inside & outside box show this..



Supply Discrepancies

Billing:

- **Material is received but is omitted from, or duplicated, or incorrectly reflected in:**
- **FMS Delivery Listing**
- **FMS Reply Listing to customer requests for adjustments**
- **Quarterly Requisition Report**



Supply Discrepancies

Missing Shipments:

- Purchaser accepts DD Form 645 or other delivery documents as evidence that title has passed and items have been delivered (LOA paragraph 5.4)
- Standard Form 364 used to submit claims.

REPORT OF DISCREPANCY (ROD)		1. DATE OF PREPARATION	2. REPORT NUMBER				
<input type="checkbox"/> SHIPPING <input type="checkbox"/> PACKAGING							
3. TO (Name and address, include Zip Code)		4. FROM (Name and address, include Zip Code)					
5a. SHIPPER'S NAME		5b. NUMBER AND DATE OF INVOICE	5c. TRANSPORTATION DOCUMENT NUMBER (KWL, Waybill, JCN, etc.)				
5a. SHIPPER'S NUMBER (Shipment Order Number, Contract, etc.)	5b. OFFICE ADMINISTERING CONTRACT	5c. REQUISITIONER'S NUMBER (Requisition Number, Request, etc.)					
6. SHIPPING, BILLING, AND RECEIPT DATA							
NSN/PART NUMBER AND NOMENCLATURE 1a)	UNIT ISSUE 1b)	QUANTITY SHIPPED BILLED 1c)	QUANTITY RECEIVED 1d)	QUAN- TITY 1a)	UNIT PRICE 1b)	TOTAL COST 1c)	AC- TION CODE 1d)
12. REMARKS (Continue on separate sheet if necessary)							
7. DISCREPANCY CODES				8. ACTION CODES			
CONDITION OF MATERIAL				PRODUCT QUALITY DISCREPANCIES			
C1 - Condition of material that indicated on shipping document				C1 - Quantity received (Excessive or Short)			
C2 - Exceeded shelf life				C2 - Quantity received (Excessive or Short)			
C3 - Quantity less than that required				C3 - Quantity less than that on receipt document			
C4 - Quantity more than that required				C4 - Quantity less than that required (Other than C3)			
C5 - Incorrect (Improper or without authority)				C5 - Quantity more than that required			
C6 - Improper packaging or quantity insufficient				C6 - Item technical data markings (i.e., Nameplate, serial number, quantity markings, special markings, etc.)			
MATERIAL				MATERIAL			
M1 - Addressed to wrong activity				T1 - Disposition instructions re: return to supplier or receiver			
M2 - Material being held				T2 - Material being held			
M3 - Quantity in excess of that required				T3 - Material being held (For removal)			
M4 - Quantity in excess of that requested (Other than M3)				T4 - Inspecting supply document			
M5 - Quantity duplicate shipment				T5 - Inspecting supply document (For removal)			
M6 - Improper preparation				T6 - Inspecting supply document (For removal)			
M7 - Improper marking				T7 - Inspecting supply document (For removal)			
M8 - Improper markings				T8 - Inspecting supply document (For removal)			
M9 - Damaged				T9 - Inspecting supply document (For removal)			
13. FUNDING AND ACCOUNTING DATA				14a. TYPED OR PRINTED NAME, TITLE, AND PHONE NUMBER OF PREPARING OFFICIAL			
				14b. SIGNATURE			
15. DISTRIBUTION ADDRESSES FOR COPIES							



Reports of Discrepancy Limitations & Restrictions

- Any claim (except for non-shipment/ non-receipt of entire lot) received after 1 year from passage of title to article or scheduled performance of service are disallowed unless USG determines that circumstances involving latent defects justify consideration.
- Non-shipment/non-receipt of entire lot claims received after latter of 1 year from passage of title or 1 year from initial billing are disallowed.
- Discrepant articles returned to USG within 180 days.



Criteria: Time

Claim must
be
submitted
within one
year of
title

transfer!
C.6.4.9.1

Letter of Offer and Acceptance

"Any claim (except for non-shipment/ non-receipt of entire lot) received after 1 year from passage of title to article scheduled performance of service are disallowed unless the USG determines that circumstances involving latent defects justify consideration. (LOA para 5.4)"



Criteria: Value

Claim must have a value of at least \$200, including transportation costs.

**SAMM
C.6.4.9.2**

Letter of Offer and Acceptance

"DoD will not accept claims related to items of \$200 or less for overages, shortages, damages, non-shipment, or non-performance."
(LOA para 5.4)

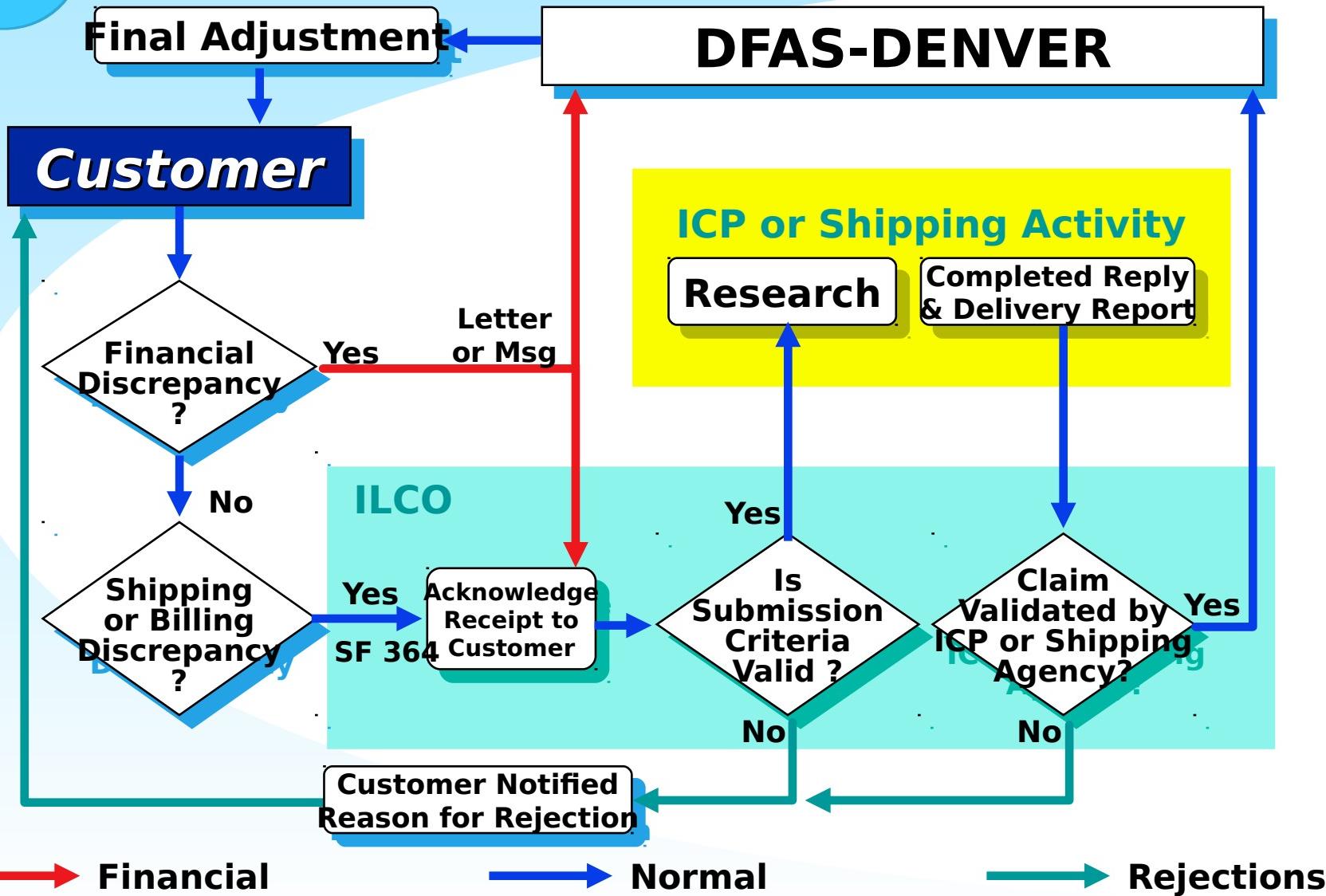


Purchaser Review

- **Research in-country records**
- **Verify type of discrepancy**
- **Estimate cause of discrepancy**
- **Determine channel of submission**



SDR Process





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Discrepancy Reports